



Legislation Details (With Text)

**File #:** ID19-1954    **Version:** 1    **Name:**

**Type:** Action Item    **Status:** Passed

**File created:** 6/26/2019    **In control:** City Council

**On agenda:** 7/25/2019    **Final action:** 7/25/2019

**Title:** Approve a (3) three year requirements contract with the possibility of (2) two one year extensions for Cost Allocation Plan (CAP) and Indirect Cost Rate Proposal (ICRP) services in the amount of \$23,000 per year with MGT of America, Inc.

**Sponsors:** Mayor's Office

**Indexes:**

**Code sections:**

**Attachments:** 1. Evaluation Committee Report.pdf, 2. RFP 9488 Matrix Summary.pdf

| Date      | Ver. | Action By    | Action   | Result |
|-----------|------|--------------|----------|--------|
| 7/25/2019 | 1    | City Council | approved |        |

**REPORT TO THE CITY COUNCIL**

**July 25, 2019**

**FROM:** JANE SUMPTER, Assistant City Manager  
Office of the Mayor & City Manager

**THROUGH:** HENRY FIERRO, Budget Manager  
Office of the Mayor & City Manager

**BY:** PEDRO RIVERA, Senior Budget Analyst  
Office of the Mayor & City Manager

**SUBJECT**

Approve a (3) three year requirements contract with the possibility of (2) two one year extensions for Cost Allocation Plan (CAP) and Indirect Cost Rate Proposal (ICRP) services in the amount of \$23,000 per year with MGT of America, Inc.

**RECOMMENDATION**

Staff recommends that the City Council award a requirements contract for CAP and ICRP services in the amount of \$23,000 per year for three years with the possibility of two one year extensions and authorizes the City Manager or her designee to sign the contract on behalf of the City.

**EXECUTIVE SUMMARY**

The Budget and Management Studies Division initiated a request for proposal (RFP) for Cost Allocation Plan (CAP) and Indirect Cost Rate Proposal (ICRP) services. For the prior five years, the City has utilized the services of MGT of America, Inc. for the preparation and federal submission of the City's CAP and ICRPs. The U.S. Department of Transportation - Federal Transit Administration (DOT-FTA) has reviewed and approved the City's submission during this five year period, which has allowed the City to pursue millions of dollars in federal and state reimbursement of indirect costs for projects. The City distributed nine specifications to prospective proposers and received two responses. The submitted proposals were evaluated by a committee panel based on the criteria set forth in the RFP. The committee panel determined that MGT of America, Inc.'s proposal provides the best value based on the criteria established in the RFP.

## **BACKGROUND**

The purpose of a CAP is to accurately, fairly and reasonably distribute a City's central services costs (e.g. City Clerk, Personnel Services, Finance, Attorney, etc.) to operating departments in the City, in accordance with the Federal Office of Management and Budget's (OMB), "Cost Principals for State, Local, and Indian Tribal Governments (2 CFR Part 220.)" Allocated overhead costs are then used to develop rates for City services including billing rates for grants and user fees. Once prepared, the CAP must be submitted for review to the City's cognizant agency, which is currently the DOT-FTA.

The contract also includes the development of ICRPs for the following departments: Development and Resource Management, Fire, Parks Recreation and After Schools, Police, Public Utilities, Public Works and Transportation Departments. An ICRP is the means by which indirect costs are identified, analyzed and allocated to federal programs for federal reimbursement. The development of an ICRP is required prior to billing federal grants for indirect costs for work on federal projects. ICRPs must also be submitted to the City's cognizant agency and receive "Provisional Approval" prior to implementation.

The RFP was advertised in the Business Journal on Wednesday, February 13, 2019. The RFP was posted on the City's Bids On-line website where it was downloaded by nine potential proposers and two bids were received and publicly opened on Tuesday, April 2, 2019. After careful review and analysis using the criteria set forth in request for proposal the committee concluded the MGT of America proposal would be the most beneficial to the City.

The Committee recommends awarding the contract to MGT of America as their proposal meets all the RFP requirements and offers the best value to the City in terms of required services and associated costs. They also demonstrated that they have the ability to meet the City's requirements as set forth in the RFP. The evaluation was based on the size of the company, past performances, and their ability to meet the requirements of the contract. The current contract with MGT of America, Inc. expired on January 31, 2019. A bid was initiated to establish a requirements contract for both CAP and ICRP services. MGT of America's proposed pricing is \$23,000, which is the amount of the current contract.

Proposal packages were evaluated by a committee consisting of a facilitating Senior Procurement Specialist from the Purchasing Division, four internal staff members and one external staff member. As noted above, the Evaluation Committee determined that the proposal submitted by MGT of America, Inc. met all of the criteria set forth in the RFP and was the best value for the City. In addition, the consulting firm has over 45 years of experience in governmental cost determination. The proposer provided three references, all of which were contacted. The reviews for the proposer's

overall service were favorable. MGT of America, Inc. works with many California cities developing cost allocation plans and other cost service projects. Therefore, based on their reputable service and favorable pricing, the committee recommends that MGT of America, Inc. be awarded the Cost Allocation Plan and Indirect Cost Rate Proposal services contract.

The staff determination was posted on the City's website on Wednesday, June 5, 2019. The Council may adopt staff's recommendation which would award a requirements contract for three (3) years, with the possibility of two one (1) year extensions in the amount of \$23,000 or reject the submitted proposal. If the proposal is rejected, the project will be rebid resulting in a delay of approximately 90 days. In addition, if rejected, the City's CAP and ICRP submission to the cognizant agency may be delayed, which may result in the loss or delay of federal reimbursement of federal costs. Proposals will expire within 120 days of proposal opening which is Wednesday, July 31, 2019.

### **ENVIRONMENTAL FINDINGS**

The item is not a project as defined by the California Environmental Quality Act.

### **LOCAL PREFERENCE**

Local preference was not implemented because none of the entities that responded to the RFP were local.

### **FISCAL IMPACT**

Appropriations of \$23,000 were established in the General Fund in the FY 2020 Adopted Budget and are sufficient to cover cost of the recommended consultant services. The General Fund will recover the cost of CAP and ICRP services via the CAP process.

Attachment: Evaluation Committee Report  
RFP 9488 Matrix Summary